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Jack O'Connell, Chair

John Vasconcellos

Bob Margett

May 15, 2002

1:30 p.m. — State Capitol Room 2040

OPEN ISSUES AND MAY REVISION ISSUES

*Brief May Revision Overview (Legislative Analyst's Office).....*

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## **I. California State Library**

1. **CALIFORNIA RESEARCH BUREAU. REDIRECTION TO SUPPORT RESTORATION OF TWO POSITIONS (ACTION ITEM).** The California Research Bureau has requested that the committee redirect an existing appropriation to restore funding for two research positions within the California Research Bureau. The Legislature appropriated \$150,000 (ongoing) to the CRB in order for CRB to contract with outside researchers to address public policy research issues. Staff recommends that the committee restore the two previously deleted PYs and amend existing provisional language to allow the funds to be used for personal services.

6120-011-0001 Provision 2.

2. Of the amount appropriated in this item, \$150,000 shall be used ~~by the California Research Bureau, in consultation with the Senate Rules and Assembly Rules Committees, to restore funding and authorization for two research positions within the California Research Bureau, in order to provide public policy research support to the Legislature and the Governor. to contract with outside researchers to address public policy research questions.~~

**Action:**

2. **MAY REVISION. REDUCE LIBRARY OF CALIFORNIA (ACTION ITEM).** As part of the May Revision, the Governor requests that Item 6120-102-0001 be decreased by \$2,390,000 (from \$3,390,000 to \$1,000,000) in order to meet the state's budget shortfall. According to the Administration, the budget continues to provide public libraries with some resources from available funds for ensuring access to library materials through the California Library Services Act and other program allocations (such as the Public Library Foundation). Staff recommends that this reduction be Approved As Budgeted.

**Action:**

3. **MAY REVISION. REDUCE PUBLIC LIBRARY FOUNDATION (ACTION ITEM).** As part of the May Revision, the Governor requests that the Public Library Foundation be further decreased by \$11,812,000, from \$41,812,000 to \$30,000,000. This reduction, combined with the reduction originally proposed by the Governor in January (\$11.2 million) would reduce program funding by \$23 million (from \$53 million in the current year to \$30 million in the budget year.)

At an earlier hearing, the committee placed the original \$11.2 million reduction on the "checklist" pending the May Revision. The Legislative Analyst offers no recommendations on this program, and the Administration contends that it has provided substantial increases in funding in previous years when funding was available. Staff recommends that the reduction be Approved As Budgeted.

**Action:**

## **II. Commission on Teacher Credentialing**

1. **BUDGET BILL LANGUAGE – REPORTING ON FEDERAL FUNDS (ACTION ITEM)** Given earlier discussions within this committee regarding the Commission on Teacher Credentialing's use of federal funds, staff recommends that the committee adopt the following Budget Bill Language. This language conforms to an action taken by the Assembly:

**Item 6360-001-0001. New Provision.**

*By March 15, 2003, CTC shall report to the fiscal subcommittees on (1) the amount of federal carryover money it expects to have at the end of the 2002-03 fiscal year and (2) its plan for expending these monies in the 2003-04 fiscal year.*

**Action:**

## **III. Department of Education**

1. **BUDGET BILL LANGUAGE – PRESCHOOL EDUCATION PROJECTS (ACTION ITEM)** As in prior years, the Governor's Budget proposes to continue the appropriation of \$425,000 for preschool education projects including, but not limited to, projects operated by public television stations in specified cities. The language has been in the budget for at least several years, but does not include Sacramento as one of the municipalities eligible to receive funding under this provision. According to advocates from the region, Sacramento was included in the original group of stations that first sought state funds in support of the Sesame Street Preschool Education Project, but voluntarily dropped out of the program in 1995. Given the recent evolution of the Sesame Street Preschool Education Project to include a more comprehensive ready-to-learn component, Sacramento would like to be added back into the list of stations eligible for the funds. Advocates contend that the other municipalities currently receiving funding have concurred with the need for the change. Staff recommends that the committee adopt the following Budget Bill Language:

**Item 6110-196-0001, Provision 7 (e):**

The State Department of Education shall allocate \$425,000 to preschool education projects including, but not limited to, those operated by public television stations in Redding, Sacramento, San Francisco, San Jose, Los Angeles, Fresno, and San Diego. Of this amount, the department shall allocate up to \$320,000 to public television stations in Redding, Sacramento, San Francisco, San Jose and Los Angeles, based upon the satisfaction by the projects operated by the public television stations in each of those cities of all of the following criteria: (1) the 30-percent minimum match; (2) a plan that identifies the providers to be trained; (3) number of trainers to be trained; (4) the quality of the training offered; (5) linkages to the child care community; and (6) cost-effectiveness. The balance of the \$425,000 identified in this subdivision shall be made available to support projects in Fresno and San Diego, based upon the determination by the State Department of Education that satisfaction by the projects operated by the public television station in each of those cities of the criteria set forth in (1) to (6), inclusive, of this subdivision. As a condition of receiving

funds as described in this subdivision in the 2002-03 fiscal year, each grantee that received funds in the 2001-02 fiscal year shall complete and submit to the State Department of Education, no later than March 1, 2003, an evaluation of the effectiveness of the project operated by the grantee in improving the quality of child care provided in the affected community.

**Action:**

#### **IV. Student Aid Commission**

**BACKGROUND.** In 2000, the Legislature and the Governor established the Cal Grant Entitlement and Competitive Awards Program (Chapter 403, Statutes of 2000) which guarantees a financial aid grant to all students meeting the minimum grade point average and family financial need requirements. Students that were ineligible for the Cal Grant Entitlement Program may apply for one of 22,500 Competitive Cal Grant A and B awards, which are available to applicants who meet financial, academic and other program eligibility requirements. Half of the competitive awards (11,250) are set-aside for students who are enrolled at the Community Colleges; these students must meet a later (September 2<sup>nd</sup>) application deadline.

In the current year, the Student Aid Commission issued 22,500 award letters, notifying students that they were eligible for a competitive award. In any given year, a certain percentage of students will elect not to utilize their Cal Grant award. This choice may be due to a student choosing not to attend college or deciding to attend an out-of-state institution. It is unclear how many students (of the 22,500 that received award letters) will elect to utilize the grant.

1. **CARRYOVER OF UN-UTILIZED COMPETITIVE CAL GRANT AWARDS (ACTION ITEM)** Statute governing the Cal Grant program specifically states that “a total of 22,500 Cal Grant A and B awards shall be granted annually ... on a competitive basis...” and unless a change is made to both the budget bill language and statute governing this item a full 22,500 awards will not be utilized by students in the current year. Staff recommends that the committee take action to allow the Student Aid Commission to “carry over” un-utilized Cal Grant A and B competitive awards, and the accompanying dollars, from one fiscal year to the next. This will allow the Student Aid Commission to provide additional Cal Grants in the Budget Year to offset for the under-utilization of the grants in the current year. Specifically, staff recommends that the committee adopt the following:
  - a) Adopt a new Provision #6 in Item 7980-101-0001 as follows:
    6. *Notwithstanding any other provision of law, the funds appropriated in this item for competitive Cal Grant A and B awards pursuant to Article 5 (commencing with Section 69437) of Chapter 1.7 of Part 42 of the Education Code are available for expenditure without regard to fiscal years.*
  - b) Revise Item 7980-495 to specify that only unencumbered funds from the Cal Grant Entitlement Program will be reverted to the General Fund.
  - c) Recommend to the Senate Education Committee that it adopt Trailer Bill Language specifying that more than 22,500 Competitive Awards may be granted in a particular year if the additional awards equal the number of un-utilized awards from a prior year.

- d) Request that the Student Aid Commission and Department of Finance provide the committee (by Saturday May 18, 2002) with any other 2002-03 Budget Act revisions that may be necessary to implement this recommendation.

## **V. Consent**

Staff recommends that the following items be Approved as Budgeted. No issues have been raised with regard to any of these items:

6110-001-0001. May Revision Finance Letter. Department of Education. Increase reimbursements for Child Nutrition program on a one-time basis to account for reimbursements from the Health As Partners in Education Program (Issue 353).

6110-112-0001. May Revision Finance Letter. Department of Education. Decrease funding for Instructional Time and Staff Development Program by \$1,103,000 to reflect decrease in statutory COLA, with accompanying Budget Bill Language (Issue 602).

6110-123-0001(3) May Revision Finance Letter. Department of Education. Public School Accountability Act, Low Performing Schools, \$197,000,000.

6110-191-0001. May Revision Finance Letter. Department of Education. Decrease funding for Beginning Teacher Support and Assessment Program by \$402,000 to reflect a decrease in the statutory COLA, with accompanying Budget Bill Language (Issue 602).

6110-193-0001. May Revision Finance Letter. Department of Education. Decrease by \$175,000 to reflect a \$449,000 decrease due to the change in the COLA and an increase of \$274,000 in the statutory growth rate from 1.07 to 1.37 percent for the Staff Development Program, with accompanying Budget Bill Language (Issues 601 and 602).

6110-198-0001. May Revision Finance Letter. Department of Education. Decrease by \$35,000,000 to reflect slow ramp up of CalSAFE program (Issue 353).

6110-198-0001. May Revision Finance Letter. Department of Education. Decrease by \$743,000 to reflect a decrease in the statutory COLA for the CalSAFE program (Issue 602).

6110-201-0890. May Revision Finance Letter. Department of Education. Augment item by \$4,200,000 to reflect revised estimate of federal reimbursements for meals to low-income children.

6120-012-0001. May Revision Finance Letter. California State Library. Decrease reimbursements for Lease Revenue Payments (Issue 100) by \$47,000 and increase reimbursements by \$47,000

6120-211-0001. May Revision Finance Letter. California State Library. Decrease funding by \$610,000 for the California Library Services Act (Issue 104).

6360-101-0001. May Revision Finance Letter. Commission on Teacher Credentialing. Decrease funding for California Mathematics Initiative for Teaching (Issue 001) to reflect revised participant estimates.

6360-101-0890. May Revision Finance Letter. Commission on Teacher Credentialing. Increase funding by \$2,763,000 to account for additional Federal Title II funds for the continued development of the Teaching Performance Assessment, with accompanying Budget Bill Language and technical changes (Issue 002).

6360-101-0001. May Revision Finance Letter. Commission on Teacher Credentialing. Decrease current year funding by \$24,350,000 (Issue 002) to capture savings associated with lower than anticipated participation in the Alternative Certification and California Pre-Internship Teaching Programs (\$13.5 million), the Paraprofessional Teacher Training Program (\$10.5 million) and the monitoring of teacher assignments (\$350,000).

6440-001-0001. May Revision Finance Letter. University of California. Increase funding by \$2,784,000 to account for increased annuitant health and dental benefits (issue 112).

6440-003-0001. May Revision Finance Letter. University of California. Decrease General Fund by \$13,803,000 and increase reimbursements by \$1,375,000 to reflect revised lease-purchase payments.

6440-301-0001. May Revision Finance Letter. University of California. Decrease by \$356,000 to delete the UC Davis, Thurman Laboratory Project.

6440-301-6028. May Revision Finance Letter. University of California. Increase item by \$16,175,000 to reauthorize and add construction funds for the Irvine Campus, Rowland Hall Seismic Improvement project due to a change in the seismic solution that increases the size of the project.

6440-301-6028. May Revision Finance Letter. University of California. Add provisional language to extend the period of availability of funds for six months for projects to be funded with the Higher Education Capital Outlay Bond Fund of 2002.

6440-302-0574. May Revision Finance Letter. University of California. Increase item by \$725,000 to add preliminary plan, working drawing, and construction phases for the Santa Cruz Campus, Sinsheimer Laboratories Fire Sprinkler project.

6440-302-6028. May Revision Finance Letter. University of California. Revise Provision 4 of this item to extend the period of availability of funds by six months for projects to be funded with the Higher Education Capital Outlay Bond Fund of 2002.

6440-491 Add Reappropriation Item. University of California (Capital Outlay). Reappropriate funding for following seven projects:

- a) Berkeley, Seismic Safety Corrections, Le Conte Hall—Construction (Fund 0574)
- b) Merced, Site Development and Infrastructure, Phase 1—Working drawings and construction (Fund 0574)
- c) Merced, Site Development and Infrastructure, Phase 1—Construction (Fund 0660)
- d) Merced, Science and Engineering Building—Construction and equipment (Fund 0660)
- e) Merced, Library and Information Technology Centers—Construction and equipment (Fund 0660)
- f) Los Angeles, Health Sciences Seismic Replacement Building 2—Construction (Fund 0574)
- g) Riverside, Heckmann International Center for Management—Preliminary plans, working drawings, construction and equipment (Fund 0660)
- h) Irvine, Rowland Hall Project – Preliminary plans and working drawings (Fund 6028)

6600-301-6028. May Revision Finance Letter. Hastings College of Law. Add provisional language to item to extend the period of availability of funds for six months for projects to be funded with the Higher Education Capital Outlay Bond Fund of 2002.

6600-491 Add Reappropriation Item. Hastings College of Law (Capital Outlay). Reappropriate funding for the 198 McAllister Street Building Renovation project due to litigation delays in finalizing the construction contract.

6610-001-0001. May Revision Finance Letter. California State University. Increase funding by \$38,000 to account for increased annuitant health and dental benefits (issue 105).

6610-003-0001. May Revision Finance Letter. California State University. Increase General Fund and reimbursements by \$209,000 and \$260,000 respectively to account for increased lease-purchase related insurance costs.

6610-301-6028. May Revision Finance Letter. California State University. Add provisional language to item to extend the period of availability of funds for six months for projects to be funded with the Higher Education Capital Outlay Bond Fund of 2002.

6610-301-6028. May Revision Finance Letter. California State University. Increase item by \$26.8 million to reauthorize project and add construction funding for the Humboldt Campus, Behavioral and Social Sciences Building. The bids for this project exceeded the previous construction appropriation and, as a result, the construction funds were reverted in the Budget Act of 2001.

6610-302-6028. May Revision Finance Letter. California State University. Increase item by \$4,311,000 for preliminary plan and working drawing phases and a portion of the construction phase to fully fund the Monterey Bay Campus, Library project. Assembly Bill 16 (Chapter 33, Statutes of 2002), authorized \$43,951,000 in lease revenue bonds for this project.

6610-302-6028. May Revision Finance Letter. California State University. Revise Provision 4 of this item to extend the period of availability of funds by six months for projects to be funded with the Higher Education Capital Outlay Bond Fund of 2002.

6870-101-0001. May Revision Finance Letter. California Community Colleges. Decrease property tax estimate for apportionments by \$11,612,000 to reflect an increase in property tax revenues (Issue 007).

6870-101-0001. May Revision Finance Letter. California Community Colleges. Decrease item by \$2,145,000 to reflect in increase in anticipated revenue from student fees (Issue 009).

6870-101-0001. May Revision Finance Letter. California Community Colleges. Increase by \$342,000 the amount needed to administer the Board of Governor's (BOG) Fee Waiver Program (Issue 010).

6870-103-0001. May Revision Finance Letter. California Community Colleges. Decrease General Fund by \$403,000 to reflect a shift of funding for lease-revenue funded projects from General Fund to Reimbursements (Issue 100).

6870-301-0574. May Revision Finance Letter. California Community Colleges (Capital Outlay). Increase item by \$3,952,000 for the following projects:

- a) Increase of \$230,000 to reflect the addition of equipment funding for the Los Angeles Community College District (CCD), West Los Angeles College, Child Development Center. Equipment was inadvertently reverted and needs to be included because the project is nearing completion.
- b) Increase \$3,722,000 for the construction phase for the Gavilan CCD, Gavilan College, Adaptive Physical Education project. The project was bid twice and both times the lowest responsible bids were over 20 percent of the original construction appropriation. Consequently, this project needs to be reauthorized to provide sufficient funds to award the bid.

6870-301-6028 California Community Colleges (Capital Outlay) Add provisional language to item to extend the period of availability of funds for six months for projects to be funded with the Higher Education Capital Outlay Bond Fund of 2002.

6870-301-6028 California Community Colleges (Capital Outlay) Decrease by \$33,167,000 to reflect the following:

- a) A reduction of \$1,148,000 to reflect the removal of the construction funding for the Cerritos Community College District, Cerritos College, Seismic Retrofit Metals Building project due to soil conditions at the campus which has required a redesign of the structural retrofit solution.
- b) A reduction of \$750,000 to reflect the removal of the construction funding for the Cerritos Community College District, Cerritos College, Seismic Retrofit of the Electronics Building due to soil conditions at the campus which has required a redesign of the structural retrofit solution.
- c) A reduction of \$4,580,000 to reflect the removal of the construction funding for the Los Angeles Community College District, Los Angeles City College, Child Development Center. The college recently completed their facilities master plan in conjunction with the passage of a local bond measure. The master plan recommends the phasing of other locally funded projects first, which will result in a delay of the construction phase of this project.
- d) A reduction of \$65,000 to reflect the removal of working drawings funding for the Riverside Community College District, Moreno Valley Center, Child Development Center project because the district is financing this phase of the project.
- e) A reduction of \$70,000 to reflect the removal of working drawings funding for the Riverside Community College District, Norco Valley Center, Child Development Center project because the district is financing this phase of the project.
- f) A reduction of \$125,000 to reflect the removal of equipment funding for the San Bernardino Community College District, San Bernardino Valley College, Child Development Center project because of a delay in the construction schedule. This is part of an adjustment where the district has also requested a reappropriation of construction funds in 2002-03.
- g) A reduction of \$26,429,000 to reflect the removal of construction funding for the San Francisco Community College District, Mission Center, Campus Building. The District has encountered environmental issues related to the historical

preservation of the existing Mission Theater, which is proposed to be demolished as part of this project. The District is working to resolve these concerns which may result in additional environmental work and the redesign of preliminary plans.

6870-490 California Community Colleges. Reappropriation. Add Following Projects:

The following 19 projects, which were scheduled to proceed to bid by the end of the fiscal year, are currently at the Division of State Architect (DSA) undergoing review. The construction funding for these projects is being reappropriated to prevent delays if the DSA review is not complete and, as a result, the funds are not encumbered by June 30, 2002:

- a) Los Angeles Community College District (CCD), East Los Angeles College, Technology Building—Construction.
- b) Los Angeles CCD, Los Angeles Trade-Tech College, Building F Mechanical System Conversion—Construction.
- c) Cerritos CCD, Cerritos College, Seismic Retrofit, Liberal Arts—Construction.
- d) Cerritos CCD, Cerritos College, Seismic Retrofit, Social Sciences—Construction.
- e) Contra Costa CCD, Diablo Valley College, Seismic Retrofit - Humanities Building—Construction.
- f) Contra Costa CCD, Diablo Valley College, Life Science Renovation—Construction.
- g) San Bernardino CCD, San Bernardino Valley College, Seismic Replacement - Life Science Building—Construction.
- h) San Bernardino CCD, San Bernardino Valley College, Child Development Center—Construction.
- i) San Bernardino CCD, San Bernardino Valley College, Seismic Retrofit, Auditorium—Construction.
- j) San Bernardino CCD, San Bernardino Valley College, Seismic Retrofit, Business Building—Construction.
- k) San Bernardino CCD, San Bernardino Valley College, Seismic Retrofit, Technical Building—Construction.
- l) El Camino CCD, El Camino College, Science Complex Renovation (H&S)—Construction.
- m) Long Beach CCD, Long Beach City College, Child Development Center—Construction.
- n) Monterey Peninsula CCD, Monterey Peninsula College, Plant Services Complex (H&S)—Construction.
- o) North Orange CCD, Fullerton College, Seismic Retrofit, Home-Fine Arts Building—Construction.
- p) Rancho Santiago CCD, Santa Ana College, Seismic Retrofit, Auto Diesel—Construction.
- q) Rancho Santiago CCD, Santa Ana College, Seismic Retrofit, Library—Construction.
- r) San Diego CCD, District Office, Seismic Retrofit, District Headquarters Building—Construction
- s) San Diego CCD, Center City College, Seismic Retrofit, Administration Building—Construction.

The following nine projects are requested for reappropriation for the following reasons:

- a) Los Angeles CCD, Los Angeles City College, Child Care Development Center—Working drawings. The District will be proposing to move the site in order to coordinate with local projects that need to be built first. This is related to adjustment #3 of Item 6870-301-6028 previously referenced.
- b) Los Angeles CCD, Los Angeles Southwest College, Seismic Replacement, Student Services—Construction. The District recently passed a local bond measure and has requested a locally financed third floor addition to the student services building to better meet the needs of the campus. The District has requested a scope change through the Public Works Board and will not be able to encumber construction funds by June 30, 2002.
- c) San Francisco CCD, Mission Center, Mission Center Building—Working drawings. This project was delayed due to environmental issues related to the historical preservation of the existing Mission Theater. The District is working to resolve these concerns which may result in additional environmental work and the redesign of preliminary plans. This is related to adjustment #7 of Item 6870-301-6028 previously referenced.
- d) Cerritos CCD, Cerritos College, Science and Math Complex, Life Safety—Working drawings. During the preliminary plan phase, it was determined that total construction costs were projected to increase due to three changes in the project: (1) soils tests requiring increased foundation work; (2) code changes requiring a more extensive fire alarm system; and (3) recent Title 24 changes requiring a redesign of the lighting and cooling systems. Due to delays to address these changes, the District will not be able to encumber working drawing funds by June 30, 2002.
- e) Cerritos CCD, Cerritos College, Seismic Retrofit Metals—Working drawings. The soil conditions at the campus have required a redesign of the structural retrofit solution. The District will not be able to encumber working drawing funds by June 30, 2002.



- f) Cerritos CCD, Cerritos College, Seismic Retrofit Electronics—Working drawings. The soil conditions at the campus have required a redesign of the structural retrofit solution. The District will not be able to encumber working drawing funds by June 30, 2002.
- g) Mt. San Antonio CCD, Mt. San Antonio College, Science Building Replacement—Working drawings. The District recently passed a local bond measure and has requested a locally financed ancillary science building next to this project, thereby requiring a redesign of the building to encompass a smaller building footprint and the addition of a third floor. The District has requested a scope change through the Public Works Board and will not be able to encumber working drawing funds by June 30, 2002.
- h) San Joaquin Delta CCD, San Joaquin Delta College, Electrical Systems Infrastructure—Working drawings. Delays in completing and approving the preliminary plans may cause the District delays in encumbering working drawing funds by June 30, 2002.

6870-490. California Community Colleges (Capital Outlay). Add item to reappropriate construction funding for the Marin Community College District, Marin College, Child Development Center. Due to a preliminary site assessment, the District discovered an uncharted city utility line that crosses the original site, which will require a redesign and relocation of the building on the site.

6870-491. California Community Colleges (Capital Outlay). Add item to extend the liquidation period for the following:

- a) Preliminary plan funding appropriated in 1999 for the San Francisco CCD, Mission Center Campus project. The District has experienced delays in processing invoices within the remaining period of availability for the funding by June 30, 2002.
- b) Working drawing funding appropriated in 1999 for the Compton CCD, Compton College, Seismic Replacement/Expansion Learning Resource Center project. The District has experienced delays in processing invoices within the remaining period of availability for the funding (June 30, 2002).

6870-497 Add Reversion Item. California Community Colleges (Capital Outlay). Revert funding for the following:

- a) Revert \$1,200,000 in funding for the Cerritos Community College District, Cerritos College, Seismic Retrofit of the Administration Building, due to soil conditions at the campus which are requiring a redesign.
- b) Revert funding for the Gavilan CCD, Gavilan College, Adaptive Physical Education project. Due to increased bidding climate, the construction phase of this project is being reauthorized. This is conforming action to Item 6870-301-0574.

7980-001-0001. May Revision Finance Letter. California Student Aid Commission. Increase state operations by \$53,000 to fund increase in postage costs.